

S U M M A R Y

SUMMARY

Keywords: Overseas Economic and Trade Cooperation Zone(OETCZ), China's Overseas Industrial Zone, Korea–China Economic Cooperation Complex

This study has the purpose to analyze the development and support system of the Overseas Economic and Trade Corporation Zone (OETCZ) of China and to suggest the appropriate ways of cooperation between Korea and China when jointly building an industrial park going forward.

In the first step, the study reviewed the overall status of China's establishment of Overseas Economic and Trade Cooperation Zones. The OETCZ is a platform to support the cluster style overseas investment for small and medium-sized enterprises of China. It is established with the approval and support of the government. In 2006 to 2007, 19 OETCZ's were approved by the China's Ministry of Commerce (MOFCOM) and among them, 14 OETCZ's continue to be in operation. Geographically, they are mostly located in Asia and Africa and focus on processing and manufacturing of low value added products where China has the most comparative advantages. The formation of the OETCZ is expected to be pushed further as this is in line with the China's need of relocating its domestic manufacturing bases overseas and the One Belt One Road strategy of the Chinese government.

The second part of this study took a detailed look at the development and

support system of the OETCZ. In 2006, the MOFCOM employed the bidding method as a way of implementing the OETCZ in earnest. The Chinese government has provided the framework guideline on the formation and requirements of the OETCZ as well as financial and funding support. In particular, for the type of the OETCZ, the Chinese government also encourages the establishment of the cooperation zones mainly focusing on advanced technologies, product R&D, production-oriented innovation or technology & science. On top of financial and funding support, the Chinese government makes supervisory effort via the evaluation system.

In the third part, Ussuriysk Economic Trade Cooperation Zone(Ussuriysk cooperation zone) supported by the Chinese government—the only economic zone located in the North East Asia—was studied as a case example. The Ussuriysk cooperation zone receives diplomatic support from the Chinese government and its creation, operation and maintenance is driven by a developer which was established with the joint contribution of Chinese domestic companies having rich experience on business in Russia. In the Ussuriysk cooperation zone, footwear, apparel and wood products are mainly produced, and the industrial division between Russia and China significantly differs by industry. This cooperation model is viewed to mutually benefit Russia and China as it helps Russia as the provider of the land develop the Russia's Far Eastern region which has suffered from weak social and economic infrastructure and it also helps China explore the places for overseas relocation of its domestic low added value industries.

The findings and suggestions of the study are as follows: first, in the possible negotiations on the formation of an industrial park between Korea and China in the future, building an industrial complex specialized in advanced technologies or business logistics would be a proper type of choice; second, clear standards and assessment system need to be developed along with integrated management

system of development and operation of an industrial park; third, a unique overseas industrial model for Korea featuring industry focus, gradual expansion and collaboration structure with local companies should be developed. and lastly when building an overseas industrial complex, the joint development by Korea and China either through establishing a joint venture company or participation with contribution to a developer could be an option to consider.